



Australian School of Business

**Centre for Applied Economic Research**

Never Stand Still

Australian School of Business

# Centre for Applied Economic Research

## Annual Report 2013

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## 1. Centre for Applied Economic Research (CAER) – key facts

### 1.1 Presiding Faculty

Australian School of Business (ASB)

### 1.2 Other schools and faculties with which CAER interacts

#### **Within UNSW**

School of Economics, ASB

School of Banking and Finance, ASB

School of Taxation and Business Law, ASB

Industrial Relations Research Centre (IRRC)

ARC Centre of Excellence in Population Ageing Research (CEPAR)

UNSW Law

Faculty of Built Environment, UNSW

School of Social Sciences, UNSW

#### **Outside UNSW**

APHCRI Centre for Research Excellence in the Finance and Economics of Primary Health Care (REFinE-PHC), UTS

Centre for Health Economics Research and Evaluation (CHERE), UTS

UTS Business School

Department of Economics, Macquarie University

Department of Economics, University of Sydney

Vancouver School of Economics, the University of British Columbia

Stephen M. Ross School of Business, University of Michigan

Department of Economics, Boston University

Department of Economics, University of Wisconsin

MIT Center for Real Estate (Cambridge MA)

Real Estate Department, Wharton Business School, University of Pennsylvania

Paul Milstein Real Estate Center, Columbia Business School, New York

John F. Kennedy School of Government, Harvard University

Ziman Center for Real Estate, UCLA

National University of Singapore Business School

Imperial College Business School

Department of Economics, Wellesley College

Department of Economics, Universitat Jaume I (Spain)

Department of Economics Reitaku University (Japan)

Real Estate Finance and Investment Center at the University of Texas, Austin

International Association for Research in Income and Wealth (IARIW)

Australian Bureau of Statistics

Australian Productivity Commission

Reserve Bank of Australia

Australian Council of Learned Academies (ACOLA)

Herbert Smith Freehills law firm (Sydney)

Property Council of Australia

IPD Australia & New Zealand

CorVal Partners Limited  
 Statistics Netherlands  
 U.S. Bureau of Economic Analysis

### 1.3 Governance and management of CAER

#### **Director**

Professor Kevin Fox, School of Economics, UNSW

#### **Deputy Director**

Associate Professor Peter Kriesler, School of Economics, UNSW

#### **Steering Committee**

Professor Kevin Fox (Director)

Associate Professor Peter Kriesler (Deputy Director)

Professor Roger Simnett (ASB Associate Dean Research)/Professor Michael Walpole (Acting ASB Associate Dean Research)

### 1.4 CAER's research groups and their members in 2013

CAER's research activities are carried out through its research groups where each group focuses on a specialised research area. The following is a list of CAER's research groups and their members during 2013:

#### **Health Economics Group 2013**

Professor Denzil Fiebig - School of Economics, UNSW

Professor Denise Doiron - School of Economics, UNSW

Dr. Isabella Dobrescu - School of Economics, UNSW

Dr. Marian Vidal-Fernandez - School of Economics, UNSW

Dr. Agne Suziedelyte – Postdoctoral Research Fellow, School of Economics, UNSW

Hong Il Yoo - PhD student/ Postdoctoral Research Fellow, School of Economics, UNSW

Chunzhou Mu - PhD student, School of Economics, UNSW

Gaoyun (Sophie) Yan - PhD student, School of Economics, UNSW

#### **Economic History and History of Economic Thought Group 2013**

Professor Geoff Harcourt – School of Economics, UNSW

Professor John Nevile - School of Economics, UNSW

Associate Professor Peter Kriesler, School of Economics, UNSW

Associate Professor Elisabetta Magnani – School of Economics, UNSW

Dr. Gigi Foster – School of Economics, UNSW

Dr. Barrie Dyster – School of Economics, UNSW

Dr. Neil Hart – The Industrial Relations Research Centre (IRRC)/School of Economics, UNSW

Professor Raja Junankar – The Industrial Relations Research Centre (IRRC), UNSW

Professor John Lodewijks – The Industrial Relations Research Centre (IRRC), UNSW

Associate Professor Michael Johnson, School of Social Sciences, UNSW

Dr. Joseph Halevi – University of Sydney

**Herbert Smith Freehills Initiative on Law and Economics<sup>1</sup> 2013**

Professor Richard Holden, Initiative Director - School of Economics, UNSW

Professor Rosalind Dixon, Initiative Deputy Director - UNSW Law

**Real Estate Initiative Group 2013**

Professor Kevin Fox - School of Economics, UNSW

Professor Erwin Diewert - School of Economics, UNSW and Vancouver School of Economics, the University of British Columbia

Associate Professor Glenn Otto - School of Economics, UNSW

Dr. Nigel Stapledon – Andrew Roberts Fellow and Director Real Estate Research and Teaching, CAER

Dr. Mariano Kulish - School of Economics, UNSW

Dr. Iqbal Syed - Postdoctoral Research Fellow, CAER

Dr. Maggie Hu - School of Banking and Finance, UNSW

Hongjia Zhu - PhD student, School of Economics, UNSW

Xiangling Liu - PhD student, School of Economics, UNSW

Dr. Carmit Schwartz – Coordinator, Real Estate Initiative, CAER

Andrew Roberts – UNSW alumnus and key founder of the Real Estate Initiative Group

**Economic Measurement Group 2013**

Professor Kevin Fox - School of Economics, UNSW

Professor Erwin Diewert - School of Economics, UNSW and Vancouver School of Economics, the University of British Columbia

Associate Professor Glenn Otto - School of Economics, UNSW

Dr. Iqbal Syed - Postdoctoral Research Fellow, CAER

Dr. Amani Elnasri - Postdoctoral Research Fellow, CAER

Changtao (William) Wang - PhD student, School of Economics, UNSW

Frederique Goy - PhD student, School of Economics, UNSW

Zoran Peroski - PhD student, School of Economics, UNSW

**1.5 CAER's administrative staff in 2013**

In 2013 Carmit Schwartz was working as a full-time administrator of CAER. She was hired to assist CAER's Director in the administration of the Centre and in coordinating the activities of the Real Estate Initiative group. Her position is funded by CAER.

Administrative support was also provided by the School of Economics and the ASB, mainly consisting of HR, IT, finance and marketing support.

**1.6 CAER's Mission, Objectives and History****Mission**

CAER's principal mission is to undertake, support and advance applied economic research in established or emerging areas of high research priority so as to deliver benefits to the academic and broader communities, both within Australia and world-wide. In achieving its mission CAER may also play a role, where appropriate, in developing and advancing educational activities. CAER's research activities are carried out through its research groups where each group focuses

<sup>1</sup> Hereafter: Law and Economics Initiative Group.

on a specialised research area. In selecting its research groups and agenda CAER gives great emphasis on interdisciplinary and multidisciplinary research, thus complementing and exceeding the research activities and outcomes that can be achieved by individual schools and faculties. It also ensures that its research activities align with the strategic goals and priorities of UNSW.

### **Objectives**

In pursuing its mission CAER has the following strategic objectives:

- Carry out, encourage and enhance applied economic research with an interdisciplinary and multidisciplinary focus that addresses current policy issues both within Australia and globally.
- Encourage and support collaborative research across schools and faculties both at the national and the international level.
- Support and facilitate research training and career opportunities for outstanding Australian and international students and researchers.
- Build and enhance UNSW research capacity and outcomes through stimulating network opportunities and exposure to cutting-edge research.
- Raise the profile, around Australian and internationally, of applied economic research at UNSW.

### **History**

Founded in 1976 CAER is one of the oldest centres in the University and the first centre to be established in the former Faculty of Commerce and Economics (now the Australian School of Business). CAER's primary emphasis is on applied economic research relevant to policy issues. For more than thirty years a significant body of such research has been carried out and the results published in academic journals, books and the Centre's own publications. CAER's work is valued by its internal and external stakeholders and its years of built up impact have contributed to its brand name achieving a high level of external recognition. CAER is proud of its contribution to UNSW and the broader community. It remains relevant, having changed with times, and continues to attract top class international visitors, research funding and research collaborations.

## 2. CAER's performance in relation to its identified objectives

The following is a summary of CAER's performance in relation to its identified objectives during 2013. A detailed description of CAER's operations in 2013 is provided in the following sections.

- Carry out, encourage and enhance applied economic research with an interdisciplinary and multidisciplinary focus that addresses current policy issues both within Australia and globally.

In 2013 CAER research activities were carried out and advanced through the following research groups:

### **Health Economics Group**

The Health Economics research group is actively involved in developing, applying and evaluating economic and econometric methods for analysing the behaviour of patients, providers, managers and other decision makers in the health system. Governments play an especially important role in the funding of health care services, making the evaluation of government policy initiatives a key element of the group's focus. The research areas of the group include: utilisation of health services, private health insurance, modelling the doctor-patient relationship, health workforce issues, health and ageing and risk adjustment.

### **Economic Measurement Group**

The appropriate measurement of economic variables is of high importance as data of economic variables is used by a wide range of researchers and policy decision makers, spanning the social sciences, humanities and the physical sciences. Therefore, the research undertaken by the Economic Measurement group is dedicated to improving measurement techniques of economic variables to more accurately reveal empirical facts. To achieve its aim the group applies advanced and innovative tools from economic theory, econometrics, aggregation theory, experimental economics, mathematics, and statistics. The group research areas include: performance measurement, inflation measurement, index number theory, functional form specification and measurement issues in international comparisons.

### **Economic History and History of Economic Thought Group**

The Economic History and History of Economic Thought Group is a collaboration between CAER, the School of Economics and the Industrial Relations Research Centre (IRRC). The research undertaken by the group is concerned with the history of policy, both in the sense of the economics idea which generates policy, and with the policy itself and its impact on society. The group research areas include: economic history of Australia, economic history of Europe, economic history of Asia, history of economic policy and history of economic thought.

### **Real Estate Initiative Group**

The real estate sector represents a substantial share of the capital assets and savings of businesses and households in the economy and is a major influence on the performance of the economy. The Real Estate Initiative has been established with industry support to develop a research program to explore real estate-related issues from multidisciplinary perspectives and also to develop education programs to boost skills in the sector. It is a multi-disciplinary initiative, with collaboration between CAER, ASB, Faculty of Law (UNSW Law) and the Faculty of Built Environment. The research areas of the group include both the residential and the commercial property sectors. Within the residential property sector, the group's research topics include: measurement of market disequilibrium, housing affordability and government policy, housing supply and housing bubbles. Within the commercial property sector, the group's research topics include: market regulations, commercial property and credit creation and the construction of price indexes for the commercial property sector while incorporating depreciation and quality change adjustments.

### Law and Economics Initiative Group

The Herbert Smith Freehills Initiative on Law and Economics is a collaboration between CAER, ASB, UNSW Law and the Herbert Smith Freehills law firm (Sydney). Its main goals are to help establish law and economics in the Australian academia, begin a dialogue with practitioners about developments in the field and developments in practice, and to establish UNSW as a key leader in the field. The research of the group aims to analyse and understand law and legal institutions from economic perspectives rather than the legal realistic tradition. This is achieved by applying the latest developments in the field of economics, including the incorporation of tools from labour economics and the insights of information and behavioural economics on the limits of neo-classical economic models.

CAER's diverse research activities clearly indicate its role in leading research that crosses discipline boundaries, and as such it adds great value to UNSW research capabilities and significantly contributes to promoting the UNSW research brand.

- Encourage and support collaborative research across schools and faculties both at the national and the international level.

CAER's collaborative research during 2013 is demonstrated by its following undertakings:

- During 2013 the Heath Economics group took part in the research project: "Risk management and funding structures: An econometric panel data analysis of health insurance in Australia". This project is part of an Australian Research Council Discovery Grant which involves collaboration with UTS Business School, the Centre for Health Economics Research and Evaluation (CHERE) at UTS, Stephen M. Ross School of Business at the University of Michigan, the Department of Economics at Boston University and the Department of Economics at Macquarie University.
- During 2013 the Economic Measurement group carried out the research project: "Tackling the Tough Problems in Productivity Measurement: Infrastructure, Services and R&D". This project is part of an Australian Research Council Linkage Grant which involves collaboration with the Australian Bureau of Statistics, the Productivity Commission and the Reserve Bank of Australia.
- CAER contributes to an interdisciplinary research through its collaboration with the Industrial Relations Research Centre (IRRC) on the publication of the refereed journal *Economic and Labour Relations Review* (ELRR). The journal's focus is on contemporary issues, developments and policy-making in the fields of economics and labour relations. In 2013 CAER Deputy Director Associate Professor Peter Kriesler and CAER members, Professor Raja Junankar and Associate Professor Michael Johnson, were three of its executive editors. CAER member Dr. Neil Hart was one of the book review editors. CAER members, Emeritus Professor Geoff Harcourt, Emeritus Professor John Nevile, Adjunct Professor John Lodewijks and Associate Professor Elisabetta Magnani, were members of the editorial committee. In 2013 the journal received its first Impact Factor rating, having been accepted by Thomson Reuters after three years of rigorous quality appraisal for inclusion in the Social Citation Index and Current Contents. It was published four times a year and its publication was taken over by Sage Publishing, thus increasing the journal's international profile.
- In 2013 CAER supported international collaboration and stimulated its research activities by hosting sixteen distinguished international visitors.
- As a research centre, CAER's collaborative activities are mainly concentrated on research. However, CAER also undertakes educational collaborative activities where they are deemed appropriate in achieving its mission. In the first half of 2013 CAER's proposal for the new real estate studies major was formally put before the ASB Committee and received final UNSW approval in August 2013. The new major is now part of the teaching programme commencing



in 2014, with the ASB offering the new real estate major as one of the majors offered in its flagship undergraduate Commerce program. It is a cross disciplinary major, with ASB Schools of Economics, Banking & Finance, Taxation & Business Law and the Faculty of Built Environment all teaching courses in the major. This new major will offer an industry-focussed, multidisciplinary curriculum, with the goal of developing real estate leaders who have the breadth and depth of knowledge to succeed in this evolving industry. The major is the first of what will be a suite of new programs. The Real Estate Initiative group is working with the ASB and the Faculty of Built Environment to develop other undergraduate, postgraduate and executive education programs in real estate in alignment with UNSW's broader strategies.

- Support and facilitate research training and career opportunities for outstanding Australian and international students and researchers.

During 2013 CAER members have supervised three Honours students and ten PhD students. CAER supported the appointment of early career academic Dr. Mariano Kulish and employed two postdoctoral research fellows (Dr. Iqbal Syed and Dr. Amani Elnasri). Five early career academics (Dr. Isabella Dobrescu, Dr. Marian Vidal-Fernandez, Dr. Maggie Hu, Dr. Agne Suziedelyte and Dr. Hong Il Yoo) participated in its research groups. CAER's support and mentoring of UNSW postgraduate students and early career researchers was further enhanced by hosting international visitors and organizing workshops and events. CAER not only encouraged the involvement of UNSW postgraduate students and early career researchers in these visits and events, but it also ensured that they receive the opportunity to formally present their work. In 2013 three UNSW early career academics (Dr. Anton Kolotilin, Dr. Agne Suziedelyte and Dr. Iqbal Syed) presented at the workshops that CAER organized.

- Build and enhance UNSW research capacity and outcomes through stimulating network opportunities and exposure to cutting-edge research.

CAER's commitment to building and enhancing UNSW research capacity and outcomes is shown by the following activities undertaken in 2013:

#### **Visitors**

In 2013 CAER supported international collaboration by hosting sixteen international visitors. These visits of distinguished and internationally-recognized visitors assist stimulating CAER's research activities and provide staff and students the possibility of interactions with leading researchers in diverse areas of investigation.

#### **Workshops and Conferences**

In 2013 CAER organized two workshops, the Economic Measurement Group Workshop and the Health Economics Workshop, as part of its objective of helping academics and students become leading and internationally-recognised researchers. These workshops typically involve academics from overseas and around Australia, and representatives from the public and private sectors. The success of these workshops has led them to become regular and well-attended events of international standing. Events such as these provide a stimulus to research at UNSW and great exposure to recent developments in diverse research areas.

Furthermore, in 2013 the Economic Measurement Group of CAER, together with the International Association for Research in Income and Wealth (IARIW) and the School of Economics (UNSW), held a special conference on "Productivity Measurement, Drivers and Trends". The program consisted of thirty two speakers from all around the world and included Philip Lowe (Deputy Governor, Reserve Bank of Australia), Fred Hilmer (President and Vice Chancellor, UNSW), Jonathan Haskel (Imperial College Business School), Nicholas Oulton (London School of Economics) and Erwin Diewert (UBC and UNSW) as featured speakers. The composition of such a unique and wide-ranging speakers provided rare access to cutting-edge research in an area of high research priority.

### Academic, industry and government engagements

In 2013 CAER not only continued to foster its links with the broader academic community and the public sector, but it also succeeded in developing and expanding its linkages with industry:

- Professor Kevin Fox was a member of the Australian Bureau of Statistics Methodology Advisory Committee, a member of the Australian Bureau of Statistics Productivity Measurement Reference Group and a member of the International advisory board of the International Productivity Monitor.
- Professor Kevin Fox was a member and subgroup leader of “The role of science, research and technology in lifting Australia’s productivity,” Australian Council of Learned Academies (ACOLA) Expert Working Group reporting to the Prime Minister’s Science Engineering and Innovation Council.
- In July 2013 Professor Kevin Fox visited the Real Estate Finance and Investment Center at the University of Texas, Austin. During the visit Professor Fox had meetings with the Center’s Executive Director, Professor Jay Hartzell, and gained invaluable insight into the teaching and research programs of this leading real estate group as well as their engagement with industry.
- Aside from their own merits, CAER’s teaching engagements with the Faculty of Built Environment in regard to the real estate major have also led to discussions on potential joint research.
- During 2013 members of the Real Estate Initiative group of CAER have been participating in research meetings and discussions with industry representatives from CorVal, Property Council of Australia, IPD, Recruit (Japan) and UBS. These discussions have led to collaboration on various research projects and data provision. In particular, the Executive Director of IPD Australia & New Zealand and UNSW alumnus, Dr. Anthony de Francesco, has generously agreed to support the group’s research activities by facilitating access to large data sets at reasonable prices.
- As a complement to the new real estate major, the Real Estate Initiative group is working with firms in the industry to develop internships which will be available to students who undertake the real estate major. A number of firms have already committed to offering internships in 2015.
- The Real Estate Initiative group submitted in 2013 a research proposal to be funded within the Australian Research Council Linkage Grant Scheme 2014. The research proposal is a collaboration between the Real Estate Initiative group and CorVal Partners Limited, a firm specialising in property fund management and investment. The research proposal builds on CorVal’s research capacity on property markets, including their data availability and industry expertise. The research proposal is a great achievement of CAER and it demonstrates both its success in developing research linkages with industry and its capacity of increasing industry collaboration opportunities in the future.
- Taking advantage of a visit to CAER by the esteemed international expert on real estate, Professor Lynne Sagalyn (Paul Milstein Real Estate Center, Columbia Business School), CAER held an industry panel event at Sydney CBD, on the 16<sup>th</sup> of May, 2013. The theme of the event was “Should Australians continue to invest in real estate?”. The panel was chaired by Rob Harley, AFR Property Editor and featured Professor Lynne Sagalyn and three industry leaders: Tim Church (Managing Director, Head of Real Estate Australasia, UBS Investment Bank), Campbell Hanan (Group Executive, Head of Investa Office) and David Harrison (Joint Managing Director, Charter Hall). There were one hundred and twenty people attending the event with a wide-range representation of alumni, industry and academics.

- Raise the profile, around Australian and internationally, of applied economic research at UNSW.

In 2013 CAER continued to create impact through the following activities:

### **Publications**

To enhance the profile of UNSW's high-impact research and researchers CAER publishes and communicates its research achievements in journals and outlets of the highest standing internationally. In 2013 members of CAER wrote three books and edited three others. They also published six book chapters, twenty one articles in highly regarded international refereed journals, three non-refereed scholarly articles, one conference volume and four papers in the ASB series of discussion papers.

### **Conferences, workshops and special events**

In 2013 CAER organized the Economic Measurement Group Workshop and the Health Economics Workshops. Events such as these raise the profile of applied economic research at UNSW in the broader community and strengthen CAER's position as a leading research centre in the region.

In addition to organizing the annual Economic Measurement Group Workshop, the Economic Measurement Group of CAER, together with the International Association for Research in Income and Wealth (IARIW) and the School of Economics (UNSW), held a special conference on "Productivity Measurement, Drivers and Trends" in 2013. The program consisted of thirty two speakers from all around the world and included Philip Lowe (Deputy Governor, Reserve Bank of Australia), Fred Hilmer (President and Vice Chancellor, UNSW), Jonathan Haskel (Imperial College Business School), Nicholas Oulton (London School of Economics) and Erwin Diewert (UBC and UNSW) as featured speakers. The conference attracted world-wide interest from academics, public sector agencies, the media and students. There were one hundred and thirty seven participants, thirty eight percent of which were international delegates.

To further develop UNSW reputation in the area of real estate, the Real Estate Initiative group of CAER organized an industry panel event on "Should Australians continue to invest in real estate?". The panel was chaired by Rob Harley, AFR Property Editor and featured Professor Lynne Sagalyn (Paul Milstein Real Estate Center, Columbia Business School) and three industry leaders: Tim Church (Managing Director, Head of Real Estate Australasia, UBS Investment Bank), Campbell Hanan (Group Executive, Head of Investa Office) and David Harrison (Joint Managing Director, Charter Hall). The event was a sell-out and within an hour registration has reached full capacity. There were one hundred and twenty people attending the event with a wide-range representation of alumni, industry and academics. This is the first of what will be a regular feature on the calendar. The Real Estate Initiative group has invitations out to a number of international experts and is expecting to host at least two panel events in the CBD in 2014.

### **Scholarly achievements**

The scholarly achievements of CAER's members in 2013 further contributed to its community impact. In particular,

- Professor Denzil Fiebig was an invited discussant at Fourth Australasian Workshop on Econometrics and Health.
- Professor Erwin Diewert was an invited speaker at the Financial Crisis and Property Price Indexes conference (Japan).
- Professor Kevin Fox was an invited speaker at the SKBI Annual Conference on Financial Economics, Indices: Theory and Applications (Singapore) and the Financial Crisis and Property Price Indexes conference (Japan).

- Early career academic Dr. Marian Vidal-Fernandez was a member of the scientific committee of the iHEA 9<sup>th</sup> World Congress on Health Economics.
- Professor Kevin Fox was a Fellow of the Academy of the Social Sciences in Australia, a member of the Conference on Research in Income and Wealth 2013 and a council member of the International Association for Research in Income and Wealth.
- Professor Geoff Harcourt served as an Emeritus Reader in the History of Economic Theory (*ad hominem*) and Emeritus Fellow at the Jesus College, Cambridge.

It is evident that CAER's work is valued by external stakeholders and its brand name has achieved a significant level of recognition.

### **Media engagement**

To raise the profile of the "Law and Economics Initiative" and the "Real Estate Initiative" at UNSW, members of both groups were actively engaged with the media. Specifically, Professor Richard Holden and Professor Rosalind Dixon had seven newspaper interviews/views quoted. In addition, Dr. Nigel Stapledon had nine television interviews, five radio interviews and seven newspaper interviews/views quoted.

In summary, CAER delivers its stated mission and objectives in a financially sustainable manner. CAER's activities do not only accomplish its own objectives but they also satisfy UNSW research objective and strategies as outlined in the Blueprint to Beyond (B2B), the UNSW Strategic Intent.

### **3. CAER's strategic plan for the coming year 2014**

In 2014 the Director is planning to address CAER's immediate needs in terms of management, governance and strategic development. In particular, the Director, in coordination with the ASB Dean and with the approval of the Deputy Vice-Chancellor (Research), is expected to establish a new steering committee within the first half of 2014.

With the establishment of the new steering committee it is envisaged that a new strategic plan for the next coming five years (2015-2020) will be developed. It is intended that the new steering committee will be proactive in assisting the Director develop CAER's new strategic plan. It is expected that in addition to CAER's core objectives, the plan will set measurable annual targets and key performance indicators against which CAER's performance will be reported in future annual reports.

A detailed account of CAER's strategic plan for 2014 is outlined in CAER's "Strategic Plan-2014" document.

#### 4. Statement of financial performance certified by the ASB Finance Manager for the year ended 31 December 2013

### Centre for Applied Economics Research (UNSW) - CAER

#### Statement of Financial Performance for the Year Ended 31 December 2013

	Notes	2013 \$	2012 \$
<b>Funds</b>			
Research Revenue	1	75,000.00	75,000.00
Donations	2	472,922.74	
Fees			
Faculty Funds			
UNSW Operating Funds			
Sundry Other Revenue	3	32,239.44	1.16
<b>Total Funds</b>		<u>580,162.18</u>	<u>75,001.16</u>
<b>Costs</b>			
People Costs	4	302,042.38	
Scholarship Stipends			
Contract & Consulting Services		542.00	
Repairs and Maintenance			
Consumables		7,597.64	
Travel	5	169,486.86	72.44
Equipment		1,764.00	
Other Expenses	6	48,507.28	4,545.45
Contract Research Ahead			
Internal Expense	7	(26,207.58)	13.15
<b>Total Costs</b>		<u>503,732.58</u>	<u>4,631.04</u>
<b>Operating result</b>	8	76,429.60	70,370.12
<b>Cashflow from operating activities</b>	9	91,554.60	55,245
<b>Opening Balance</b>		245,205.68	154,218.81
<b>Adjustment of Prior Year Closing balance</b>	10	(70,432.08)	35,741.75
<b>Closing Balance</b>		<u>266,328.20</u>	<u>245,205.68</u>

#### Notes to the Statement of Financial Performance

- 1 Research revenue consisted of \$20,000 from Productivity Commission and \$55,000 from Australian Bureau of Statistics.
- 2 In 2013, a decision was made to have two FC101 projects (PS29139 and PS30029) administered by CAER in lieu of School of Economics. To reflect these changes, the operating results of both projects were consolidated into CAER's financial results in 2013. The 2013 Donations fund was made up of \$360,343 from PS29139 (Real Estate Initiative Fund) and \$112,580 from PS30029 (Law & Economics Initiative Fund).
- 3 Other sundry revenue was travel and accommodation costs supported by ACOLA Secretariat Ltd.
- 4 Increase in people costs mainly attributed to salary costs of academics in project PS29139 (\$279,155).
- 5 Travel expenses were for flights, accommodation and other associated expenditure for domestic and international conferences & meetings.
- 6 Other expenses included venue hire of \$36,117 for EMG workshops.
- 7 Contribution of \$25,000 from ASB Research Office to CAER was treated as a reduction in expenses.
- 8 Breakdown of 2013 operating results as follows: CEAR's surplus \$6,747.62, Surplus in PS29139 \$41,230.45, and surplus in PS30029 28,451.53
- 9 2013 Cashflow from operating activities was derived from Operating result, adjusted for decrease in Accounts Receivable of \$15,125 at the end of the reporting period.
- 10 CAER had an opening surplus of \$245,206 while PS29139 and PS30029 had an opening deficit of \$41,760 and \$28,682, respectively.

CONFIRMED TO UNSW LEDGER

Robert Owens  
Finance Manager  
Australian School of Business  
Date 31-Mar-14

#### Additional notes:

- All financial matters of the Economic and Labour Relations Review (ELRR) journal are administrated by the Industrial Relations Research Centre (IRRC) and are reported in the IRRC financial statements.
- In 2013, UNSW alumnus, Mr. Andrew Roberts, has gifted an additional \$150,000 to CAER to support the further development of the Real Estate Initiative. The funds were deposited to UNSW Foundation accounts. The expenses of the Real Estate Initiative are administrated

through an FC101 project on UNSW accounts. Every year funds from the UNSW Foundation accounts are transferred to the FC101 project to cover the expenses and appear as donation income in the FC101 project. On the 31<sup>st</sup> of December 2013 the remaining donation balance within the UNSW Foundation accounts of the Real Estate Initiative was \$71,134. As indicated in the above statement, while the error in the Department ID of the FC101 project of the Real Estate Initiative (PS29139) has not been fixed yet, the operation of the project was included in the above statement. The ASB Finance has notified that the error will be corrected in 2014.

- The Herbert Smith Freehills donation for the Law and Economics Initiative was deposited to UNSW Foundation accounts in 2012. The expenses of the Law and Economics Initiative are administrated through an FC101 project on UNSW accounts. Every year funds from the UNSW Foundation accounts are transferred to the FC101 project to cover the expenses and appear as donation income in the FC101 project. On the 31<sup>st</sup> of December 2013 the remaining donation balance within the UNSW Foundation accounts of the Law and Economics Initiative was \$537,842. As indicated in the above statement, while the error in the Department ID of the FC101 project of the Law and Economics Initiative (PS30029) has not been fixed yet, the operation of the project was included in the above statement. The ASB Finance has notified that the error will be corrected in 2014.

## 5. Details of research grants and projects associated with CAER during 2013

The following is a list of research grants and projects held by CAER members in 2013 as part of their research group activities<sup>2</sup>. CAER members are marked in bold.

- Australian Research Council Discovery Grant, 2011-2013, “Risk management and funding structures: An econometric panel data analysis of health insurance in Australia”, \$657,074, investigators: E.J. Savage, T.P. Buchmueller, **D.J. Doiron**, R.P. Ellis, **D.G. Fiebig** and G.S. Jones. Funds of this project were co-administrated by the University of Technology Sydney (UTS) and the School of Economics (UNSW).
- Australian Research Council Linkage Grant, 2008-2013, “Tackling the Tough Problems in Productivity Measurement: Infrastructure, Services and R&D”, \$947,322, investigators: **K.J. Fox**, **G. Otto**, **W.E. Diewert**, E. Connolly and D. Parham, industry partners: Australian Bureau of Statistics and the Productivity Commission. ARC funds contribution was administrated by the School of Economics (UNSW) and industry partners’ funds contribution was administrated by CAER.
- Australian Research Council Future Fellowship Grant, 2013-2017, **R. Holden**, \$910,034. The project aims to further the understanding of non-price institutions such as firms, voting rules, trading mechanisms, bargaining protocols, and publically owned assets. Fifteen percent of this project is devoted to research which is undertaken by the Law and Economics Initiative group. Funds of this project are administrated by the School of Economics (UNSW).
- CEPAR Grant, 2013, “The Impact of Social Activities on Cognitive Ageing: Evidence from 11 European Countries”, \$7,000, investigator: **Dobrescu, L.I.** Funds of this project were administrated by CEPAR.

In addition, the Real Estate Initiative group submitted in 2013 a research proposal to be funded within the Australian Research Council Linkage Grant Scheme 2014. The title of the research proposal is: “The Economic Measurement of Property Markets: Prices, Bubbles, Economic Growth and Productivity”. The investigators named on the research proposal are: K.J. Fox, G. Otto, N. Stapledon, M. Kulish, M. Hu, W.E. Diewert and I.A. Syed, all of whom are members of the Real Estate Initiative group. The industry partner of the research proposal is CorVal Partners Limited, a firm specialising in property fund management and investment. The outcome of the proposal is expected to be announced in June 2014.

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<sup>2</sup> Research grants and projects which CAER members obtained outside of CAER’s research groups’ activities are excluded from the list.



## 6. Statement of in-kind contributions, cash contributions, infrastructure and other resources provided to CAER during 2013

### 6.1 In-kind contributions

*Estimated value of CAER members contribution to CAER's activities –by research groups<sup>3</sup>*

CAER member	Type of Activity	Value of Contribution
Professor Denzil Fiebig	Health Economics Group activities	66,514
Professor Denise Doiron		
Dr. Isabella Dobrescu		
Dr. Marian Vidal-Fernandez		
Professor Kevin Fox	Economic Measurement Group activities	80,599
Professor Erwin Diewert		
Associate Professor Glenn Otto		
Professor Geoff Harcourt	Economic History and History of Economic Thought Group activities	99,968
Professor John Nevile		
Associate Professor Peter Kriesler		
Associate Professor Elisabetta Magnani		
Dr. Gigi Foster		
Dr. Barrie Dyster		
Dr. Neil Hart		
Professor Raja Junankar		
Professor John Lodewijks		
Associate Professor Michael Johnson		
Dr. Joseph Halevi		
Professor Richard Holden		
Professor Rosalind Dixon		
Professor Kevin Fox	Real Estate Initiative Group activities	69,096
Professor Erwin Diewert		
Associate Professor Glenn Otto		
Dr. Nigel Stapledon <sup>4</sup>		
Dr. Maggie Hu		
Mr. Andrew Roberts, UNSW alumnus		
<b>Total in-kind</b>		367,431

<sup>3</sup> CAER members whose salary was paid by CAER and/or by grants associated with CAER are excluded from the table.

<sup>4</sup> In the first half of 2013 Dr. Stapledon was employed by the School of Economics. During this time he spent approximately ten percent of his time on the group's activities. In the second half of 2013 Dr. Stapledon was employed by CAER where he spent all of his time on the group's activities. Hence, the above figure includes only the proportional contribution Dr. Stapledon made to the group during the first half of 2013.

*Estimated value of in-kind contribution to CAER's administration<sup>5</sup>*

	<b>Type of Activity</b>	<b>Value of Contribution</b>
Professor Kevin Fox	Director	42,711
Associate Professor Peter Kriesler	Deputy Director	14,673
Professor Roger Simnett (ASB Associate Dean Research)	Steering Committee	1,708
Professor Michael Walpole (Acting ASB Associate Dean Research)		
School of Economics administrative support	Mainly HR, IT, finance and marketing support.	12,000
ASB administrative support		
<b>Total in-kind</b>		71,092

6.2 Cash contributions<sup>6</sup>

<b>Entity</b>	<b>Purpose</b>	<b>Cash Contribution</b>
ARC Centre of Excellence in Population Ageing Research (CEPAR)	Support for the Health Economics Workshop 2013	\$1,500
APHCRI Centre for Research Excellence in the Finance and Economics of Primary Health Care (REFinE-PHC)	Support for the Health Economics Workshop 2013	\$1,500
School of Economics	Support for the Economic Measurement Group Workshop and the IARIW-UNSW Conference	\$15,000
International Association for Research in Income and Wealth (IARIW)	Support for the IARIW-UNSW Conference	\$16,000
<b>Total cash</b>		\$34,000

6.3 Infrastructure and other resources provided to CAER

In 2013 CAER members provided their own office space (including computers) on or off campus. The School of Economics provided meeting space and printer/photocopier facilities.

<sup>5</sup> Administrative support which was funded by CAER and/or by grants associated with CAER is excluded from the table.

<sup>6</sup> This section reports only cash contributions which were made available to CAER and which were administrated by the contributing entity. Cash contributions which were deposited into CAER accounts are reported in CAER's annual financial statement above.

## 7. Details of publications and other scholarly achievements associated with CAER during 2013

### 7.1 CAER Journal Publication - The Economic and Labour Relations Review

The Industrial Relations Research Centre (IRRC), in conjunction with the Centre for Applied Economic Research (CAER), publishes the Economic and Labour Relations Review, a refereed journal with a focus on contemporary issues, developments and policy-making in the fields of economics and labour relations.

In 2013, CAER members were actively involved in editorial activities of the journal: CAER Deputy Director Associate Professor Peter Kriesler (School of Economics), Associate Professor Michael Johnson (School of Social Sciences, CAER) and Professor P.N. (Raja) Junankar (IRRC, CAER) were three of its executive editors. Dr Neil Hart (IRRC, CAER) was one of the book review editors. Emeritus Professor Geoff Harcourt (School of Economics, CAER), Emeritus Professor John Nevile (School of Economics, CAER), Adjunct Professor John Lodewijks (IRRC, CAER) and Associate Professor Elisabetta Magnani (School of Economics, CAER) were members of the editorial committee.

In 2013, Volume 24 was published in four issues (the ELRR journal has published four issues per year since 2012). Volume 24 Issue 2 (June 2013) consisted largely of a colloquium organised by CAER and JW Nevile Fellow Tim Harcourt in honour of Emeritus Professor John Nevile on his 80th birthday. It contained articles by distinguished economists, including Geoff Harcourt (School of Economics, CAER), Peter Kriesler (CAER Deputy Director) and Neil Warren (UNSW), along with contributions from eminent economists Tim Harcourt (JW Nevile Fellow, UNSW), John Lodewijks (IRRC, CAER), Ken Henry (Australian National University), Keith Hancock (The University of Adelaide, Flinders University), Ann Nevile (Australian National University) and John Langmore (University of Melbourne). Articles in the other three issues of Volume 24 covered monetary and fiscal policy debates in the context of global crisis, social impacts of precarious employment, and aspects of the East Asian development state. The volume of submissions increased significantly, with a corresponding increase both in international contributions and in rejection rates.

In 2013, ELRR received its first Impact Factor rating, having been accepted by Thomson Reuters after three years of rigorous quality appraisal for inclusion in the Social Science Citation Index and Current Contents.

From March 2013 the publication of ELRR was taken over by Sage Publishing, thus increasing the journal's international profile. A generous grant from the Australian School of Business (8,000 GBP per annum for five years, administered by the IRRC) is assisting the transition process.

### 7.2 Research output and other scholarly achievements of CAER members

The following is a list of research output and other scholarly achievements attained by CAER members in 2013 as part of their research group activities<sup>7</sup>. CAER members are marked in bold.

#### **Books**

Frijters, P. with **G. Foster**, 2013, *An Economic Theory of Greed, Love, Groups and Networks*, Cambridge University Press, ISBN 978-1-107-02627-8.

**Hart, N.**, 2013, *Alfred Marshall and Modern Economics*, Basingstoke, UK: Palgrave Macmillan.

<sup>7</sup> Research output of CAER members which was achieved outside of CAER's research groups' activities is excluded from the list.

**Diewert, W.E.** and J. de Haan, 2013, *Eurostat Handbook on Residential Property Price Indices (RPPIs)*, Luxembourg: Publications Office of the European Union.

### **Books – Edited**

**Kriesler, P.**, and **G.C. Harcourt**, 2013, *Oxford Handbook of Post-Keynesian Economics Volume 1: Theory and Origins*, Oxford University Press, New York, ISBN 978-0-19-539076-6.

**Kriesler, P.**, and **G.C. Harcourt**, 2013, *Oxford Handbook of Post-Keynesian Economics Volume 2: Critiques and Methodology*, Oxford University Press, New York, ISBN 978-0-19-539075-9.

**Harcourt, G.C.**, and J. Pixley, 2013, *Financial Crises and the Nature of Capitalist Money. Critical Developments from the Work of Geoffrey Ingham*, Houndmills, Basingstoke, Hampshire, Palgrave Macmillan.

### **Book Chapters**

**Fiebig, D.G.** and J.P. Hall, 2013, “Private finance publicly subsidized: The case of Australian health insurance”, in *Private health insurance and medical savings accounts: History, politics, performance*, S. Thomson and E. Mossialos (eds.), Cambridge University Press, *forthcoming*.

**Kriesler, P.**, and **G.C. Harcourt**, 2013, “Michal Kalecki and Rosa Luxemburg on Marx’s schemes of reproduction: two incisive interpreters of capitalism”, in *The Legacy of Rosa Luxemburg, Oskar Lange and Michal Kalecki Vol. 1*, R. Bellofiore, E. Karwowska and J. Toporowski (eds.), Palgrave MacMillan, ISBN10: 1-137-33559-9, pp. 9 – 18.

**Kriesler, P.**, 2013, “Post-Keynesian Perspectives on economic development and growth”, in *Oxford Handbook of Post-Keynesian Economics Volume 1: Theory and Origins*, G.C. Harcourt and P. Kriesler (eds.), Oxford University Press, New York, ISBN 978-0-19-539076-6, pp. 539-555.

**Kriesler, P.**, and **G.C. Harcourt**, 2013, “Introduction”, in *Oxford Handbook of Post-Keynesian Economics Volume 1 and Volume 2*, G.C. Harcourt and P. Kriesler (eds.), Oxford University Press, New York, ISBN 978-0-19-539076-6, pp. 1-44.

**Halevi, J., N. Hart** and **P. Kriesler**, 2013, “The Traverse, equilibrium analysis and post-Keynesian economics”, in *Oxford Handbook of Post-Keynesian Economics Volume 2: Critiques and Methodology*, G.C. Harcourt and P. Kriesler (eds.), Oxford University Press, New York, ISBN 978-0-19-539075-9, pp. 175-197.

**Nevile, J. W.**, and P. Dalzeil, 2013, “Theorizing about post-Keynesian economics in Australia: aggregate demand, economic growth and income distribution”, in *Oxford Handbook of Post-Keynesian Economics Volume 2: Critiques and Methodology*, G.C. Harcourt and P. Kriesler (eds.), Oxford University Press, New York, ISBN 978-0-19-539075-9, pp. 412-435.

### **Refereed Journal Articles**

Johar, M., **D.G. Fiebig**, M. Haas and R. Viney, 2013, “Using repeated choice experiments to evaluate the impact of policy changes in cervical screening”, *Applied Economics*, Vol. 45, pp. 1845-1855.

Weisberg, E., D. Bateson, S.A. Knox, M. Haas, R. Viney, D. Street and **D.G. Fiebig**, 2013, "Do women and providers value the same features of contraceptive products? Results of a best-worst stated preference experiment", *The European Journal of Contraception and Reproductive Health Care*, Vol. 18(3), pp. 181-190.

Knox, S.A., R. Viney, Y. Gu, A.R. Hole, **D.G. Fiebig**, D. Street and M. Haas, 2013, "The effect of adverse information and positive promotion on women's preferences for prescribed contraceptive products", *Social Science and Medicine*, Vol. 83, pp. 70-80.

Ellis, R.P., **D.G. Fiebig**, M. Johar, G. Jones and E. Savage, 2013, "Explaining health care expenditure: Large-sample evidence using linked survey and health administrative data", *Health Economics*, Vol. 22, pp. 1093-1110.

Buchmueller, T.C., **D.G. Fiebig**, G. Jones and E. Savage, 2013, "Preference heterogeneity and selection in private health insurance: The case of Australia", *Journal of Health Economics*, Vol. 32, pp. 757-767.

**Yoo, H.I.** and **D. Doiron**, 2013, "The use of alternative preference elicitation methods in complex discrete choice experiments", *Journal of Health Economics*, Vol. 32(6), pp. 1166-1179.

**Suziedelyte, A.** and M. Johar, 2013, "Can you trust survey responses? Evidence using objective health measures", *Economic Letters*, Vol. 121(2), pp. 163-166.

Pacifico, D. and **H.I. Yoo**, 2013, "LCLOGIT: A Stata command for fitting latent-class conditional logit models via the expectation-maximization algorithm", *Stata Journal*, Vol. 13, pp.625-639.

**Magnani, E.**, 2013, "From financing labour to labouring finance: subjectivity in financial times", *Cosmopolitan Civil Societies: An Interdisciplinary Journal*, Vol. 5(2), pp. 129-142.

**Kriesler, P., G.C. Harcourt** and J. Langmore, 2013, "Faith, works and talents entwined: driving forces behind John Nevile's contributions", *Economic and Labour Relations Review*, Vol. 24(2), pp. 228-237.

**Lodewijks, J.K.**, 2013, "Political Economy in Greater Western Sydney", *Journal of Australian Political Economy*, Vol.72, Summer 2013/14, pp.80-105.

**Lodewijks, J.K.**, 2013, "John Nevile: The last Two Decades", *The Economic and Labour Relations Review*, Vol. 24(2), pp.135-149.

Monadjemi, M., K. Yoon and **J.K. Lodewijks**, 2013, "Central Bank Behaviour before and after the Great Recession", *Economics*, Vol. 2(5), pp.55-61.

**Harcourt, G.C.**, 2013, "Peter Kenyon 1952-2012: a Memoir and a Tribute", *History of Economics Review*, Vol. 57, pp. 84-87.

**Harcourt, G.C., P. Kriesler** and **J.W. Nevile**, 2013, "Exchange rates and the macroeconomy in an era of global financial crises, with special reference to Australia", *Economic and Labour Relations Review*, Vol. 24(1), pp. 51-63.

**Dixon, R.**, 2013, "The Supreme Court of Canada and Constitutional (Equality) Baselines", *Osgoode Hall Law Journal*, Vol. 50(3), pp. 637-668.

**Dixon, R.** and V. Jackson, 2013, "Constitutions Inside Out: Outsider Interventions in Domestic Constitutional Contests", *Wake Forest Law Review*, Vol. 48(1), pp. 149-209.

**Kulish, M.**, 2013, "Solving Linear Rational Expectations Models with Predictable Structural Changes", *Review of Economics and Statistics*, Vol. 95(1), pp. 328-336.

He, W. and **M.R. Hu**, 2013, "Aggregate Earnings and Market Returns: International Evidence", *Journal of Financial and Quantitative Analysis*, forthcoming.

Ivancic, L. and **K.J. Fox**, 2013, "Understanding Price Variation Across Stores and Supermarket Chains: Some Implications for CPI Aggregation Methods", *Review of Income and Wealth*, Vol. 59(4), pp. 629-647.

Ivancic, L. and **K.J. Fox**, 2013, "Can Dissimilarity Indexes Resolve the Issue of when to Chain Price Indexes?", *Economics Letters*, Vol. 118, pp. 6 – 9.

### **Other Research Output**

**Lodewijks, J.K.**, 2013, "G.C. Harcourt: The Making of a Post-Keynesian Economist: Cambridge Harvest", Book Review, *History of Economics Review*, Vol.58, pp.103-106.

**Harcourt, G.C.**, S. Cornish and **R. Holden**, 2013, "Allan Barton 1933-2012: A Tribute", *Economic Record*, Vol. 89, p.283.

**Harcourt, G.C.**, 2013, "Ronald Meek's "Magnificent " Review Article of Piero Sraffa's 1960 Classic: Top Hit in Decade 1954-63, in *The Scottish Journal of Political Economy*", *Scottish Journal of Political Economy*, Volume 60(5), pp.428-80.

**Kriesler, P.**, L. Chester and M. Johnson, 2013, *Heterodox economics and the crisis that won't go away*, 12th Australian Society of Heterodox Economists Conference 2-3 December 2013, Conference Volume, The University of New South Wales ISBN: 978-0-7334-3375-7.

**Vidal-Fernandez, M.**, J. Fletcher and B. Wolfe, 2013, "Dynamic and Heterogeneous Effects of Sibling Death on Children's Outcomes", *Revised & Resubmitted at Demography*.

**Vidal-Fernandez, M.** and A. Aparicio-Fenoll, 2013, "Working Women and Fertility: The Role of Grandmothers", *Revision requested at CESifo Economic Studies*.

**Doiron, D., D.G. Fiebig** and **A. Suziedelyte**, 2013, "Hips and hearts: the variation in incentive effects of insurance across hospital procedures", UNSW Australian School of Business Research Paper No. 2013-14.

**Mu, C.** and S. Maruyama, 2013, "Salient Gender Difference in the Wage Elasticity of General Practitioners' Labour Supply", UNSW Australian School of Business Research Paper No. 2013-16.

**Kriesler, P.**, C. Friedman, **J. Neville** and **G.C. Harcourt**, 2013, "Milton Friedman: Constructing an Anti-Keynes", UNSW Australian School of Business Research Paper No. 2013-35.

Melser, D. and **I.A. Syed**, 2013, "Prices over the Product Life Cycle: Implications for Quality-Adjustment and the Measurement of Inflation", UNSW Australian School of Business Research Paper No. 2013-26.

**Stapledon, N. D.**, 2013, "Australia's Major Terms of Trade and Resource Shocks, 1800-2013: Sources and Impacts", Centre for Economic History-Australian National University Discussion Paper Series 2013-10.

**Diewert, W.E.** and C. Shimizu, 2013, "A Conceptual Framework for Commercial Property Price Indexes", School of Economics Discussion Paper 13-11, University of British Columbia.

**Wang, C.**, 2013, "The long-run effect of innovation on economic growth", UNSW working paper.

**Fiebig, D.G., D. Doiron**, M. Johar and **A. Suziedelyte**, 2013, "Does self-assessed health measure health?"

**Fiebig, D.G., D. Doiron**, M. Johar, G. Jones, E. Savage and **A. Suziedelyte**, 2013, "Do changes in health affect retirement decisions?"

Maruyama, S. and **C. Mu**, 2013, "The Effect of Government Subsidies on General Practitioners' Location and Labour Supply Decision".

**Dobrescu, L.I.**, D. Christelis and A. Motta, 2013, "Early Life Conditions and the Dynamics of Financial Risk-Taking in Older Age".

**Dobrescu, L.I.** and D. Christelis, 2013, "The Impact of Social Activities on Cognitive Ageing: Evidence from Eleven European Countries".

**Dobrescu, L.I.** and D. Christelis, 2013, "Mens Sana in Corpore Sano: The Role of Physical Activities in Preserving Cognition in Older Age".

**Dobrescu, L.I.**, and F. Iskhakov, 2013, "Bequest Motives in a Life-Cycle Model with Intergenerational Interactions".

**Dobrescu, L.I.**, A. Motta and B. Gui, 2013, "Staying Home or Dining out? Social Interactions and Old-Age Consumption Profiles".

**Vidal-Fernandez, M.**, J. K. Lehmann and A. Nuevo-Chiquero, 2013, "Early Origins of Birth Order Differences".

**Vidal-Fernandez, M.** and R. Barua, 2013, "Do Stricter Teen Driving Laws Reduce Crime and Substance Abuse?"

**Syed, I.A., W.E. Diewert** and **K.J. Fox**, 2013, "Age, Time and Houses Price Indexes: A Hedonic Imputation Approach".

**Kulish, M.**, 2013, "Inflation Dynamics and Terms of Trade Booms".

**Zhu, H.**, 2013, "Air Pollution and Land Prices in China".

**Zhu, H.**, 2013, “Estimating the Effect of Transportation Infrastructure on China's Land Market”.

**Syed, I.A.**, 2013, “Hedonic Price Indexes for High Tech Products”.

**Elnasri, A.** and **K.J. Fox**, 2013, “The Contribution of Research and Innovation to Productivity and Economic Growth”.

### **Scholarly Achievements**

**Denzil Fiebig**, invited discussant: Fourth Australasian Workshop on Econometrics and Health, Launceston 2013.

**Erwin Diewert**, Invited Speaker: Financial Crisis and Property Price Indexes, October 18, 2013, Tokyo.

**Kevin Fox**, Invited Speaker: SKBI Annual Conference on Financial Economics, Indices: Theory and Applications, May 7, 2013, Singapore.

**Kevin Fox**, Invited Speaker: Financial Crisis and Property Price Indexes, October 18, 2013, Tokyo.

**Amani Elnasri**, invited discussant: The IARIW-UNSW Conference on Productivity Measurement, Drivers and Trends, November 2013, Sydney.

**Marian Vidal-Fernandez**, Scientific Committee Member, iHEA 9<sup>th</sup> World Congress on Health Economics, Sydney, 2013.

**Geoff Harcourt**, Emeritus Reader in the History of Economic Theory (*ad hominem*) and Emeritus Fellow at the Jesus College, Cambridge, 2013.

**Kevin Fox**, Fellow of the Academy of the Social Sciences in Australia, 2013.

**Kevin Fox**, Member of the Conference on Research in Income and Wealth, 2013.

**Kevin Fox**, Council member, International Association for Research in Income and Wealth, 2013.

**Richard Holden**, Editor, Journal of Law and Economics.

**Kevin Fox**, Associate Editor, Journal of Productivity Analysis.

**Hong Il Yoo** together with Pacifico D. developed a software component: LCLOGIT: a Stata module to fit latent class conditional logit models via EM algorithm (Statistical Software Components, number S457313, Boston College Department of Economics, 2013).



## 8. Details of CAER's engagement with the academia, government, industry and broader community

The following sections provide details of CAER's activities undertaken in 2013 to accomplish its aims of providing a stimulus to the research undertaken at UNSW, supporting research students and early career academics, encouraging collaborative research and raising the profile of applied economic research at UNSW in the broader community.

### 8.1 Conferences, workshops and special events

#### **Health Economics Workshop 2013**

In 2013 the Health Economics Group of CAER hosted its tenth annual summer workshop on the 31<sup>st</sup> of January and 1<sup>st</sup> of February. The workshop attracted health economists from around Australia and overseas, thus providing UNSW staff and research students with the opportunity to engage and interact with internationally-recognized health economists. The ARC Centre of Excellence in Population Ageing Research (CEPAR) and the APHCRI Centre for Research Excellence in the Finance and Economics of Primary Health Care (REFinE-PHC) have generously provided financial support for the workshop. The workshop featured an outstanding program and included presentations by the following speakers: Don Wright (University of Sydney), Peter Sivey (Melbourne Institute, University of Melbourne), Alison Pearce (CHERE, University of Technology Sydney), Shiko Maruyama (CEPAR, University of New South Wales), Milica Kecmanovic (CHERE, University of Technology Sydney), Grace Lordan (London School of Economics) and Bobbi Wolfe (University of Wisconsin). UNSW early career academics, Dr. Anton Kolotilin and Dr. Agne Suziedelyte, also presented at the workshop.

#### **Economic Measurement Group Workshop 2013**

In 2013 the Economic Measurement Group of CAER hosted its thirteenth annual international workshop on the 28<sup>th</sup> – 29<sup>th</sup> of November. This workshop brings together academics, statistical agencies researchers, government policy makers and industry representatives from all around the world. The workshop was supported by an Australian Research Council Linkage Project grant with the Australian Bureau of Statistics and the Productivity commission. The Australian School of Business and the School of Economics have also provided generous financial support. The program consisted of fourteen speakers (both local and international) and included Dr. Marshall Reinsdorf (U.S. Bureau of Economic Analysis), Prof. Jonathan Haskel (Imperial College Business School) and Prof. Dan Sichel (Wellesley College) as featured speakers. UNSW early career academic, Dr. Iqbal Syed, also presented at the workshop. The workshop attracted one hundred and one participants, many of whom were from the Australian Bureau of Statistics, Productivity Commission, the Reserve Bank of Australia, Statistics New Zealand, New Zealand Productivity Commission, Statistics Korea, Statistics Canada and Bank of Korea. Thirty three percent of the workshop delegates were from overseas.

#### **IARIW-UNSW Conference on Productivity Measurement, Drivers and Trends 2013**

On the 26<sup>th</sup>-27<sup>th</sup> of November 2013 the Economic Measurement Group of CAER, together with the International Association for Research in Income and Wealth (IARIW) and the School of Economics (UNSW), held a special conference on "Productivity Measurement, Drivers and Trends". The conference was supported by an Australian Research Council Linkage Project grant with the Australian Bureau of Statistics and the Productivity commission. The Australian School of Business, the School of Economics (UNSW) and IARIW have also provided generous financial support. The program consisted of thirty two speakers from all around the world and included Philip Lowe (Deputy Governor, Reserve Bank of Australia), Fred Hilmer (President and Vice Chancellor, UNSW), Jonathan Haskel (Imperial College Business School), Nicholas Oulton (London School of Economics) and Erwin Diewert (UBC and UNSW) as featured speakers. The composition of such a unique and wide-ranging speakers provided rare access to cutting-edge research in an area of high research priority. The conference attracted world-wide interest from academics, public sector agencies, the media and students. There were one hundred and thirty seven participants, thirty eight percent of which were international delegates.

### **“Should Australians continue to invest in real estate?” an Industry Panel Event, May 2013**

Taking advantage of a visit to CAER by the esteemed international expert on real estate, Professor Lynne Sagalyn (Paul Milstein Real Estate Center, Columbia Business School), this industry panel event was held in Sydney CBD, on the 16<sup>th</sup> of May, 2013. It was chaired by Rob Harley, AFR Property Editor and featured Professor Lynne Sagalyn and three industry leaders: Tim Church (Managing Director, Head of Real Estate Australasia, UBS Investment Bank), Campbell Hanan (Group Executive, Head of Investa Office) and David Harrison (Joint Managing Director, Charter Hall). The event was a sell-out and within an hour registration has reached full capacity. There were one hundred and twenty people attending the event with a wide-range representation of alumni, industry and academics.

## 8.2 Visitors

The following is a list of visitors hosted by CAER as part of its commitment to stimulate research activities and foster research students and early career academics:

### **Visitors hosted by the Economic Measurement Group of CAER in 2013**

Prof. Emili Tortosa-Ausina, Universitat Jaume I, Spain  
 Prof. Chihiro Shimizu, Reitaku University, Japan  
 Prof. Robert Hill, University of Graz  
 Prof. Bart van Ark, Conference Board and University of Groningen  
 Dr. Andrew Sharpe, Centre for the Study of Living Standards, Canada  
 Prof. Barbara Fraumeni, University of Southern Maine  
 Dr. Paul Schreyer, Deputy Director of Statistics, OECD  
 Dr. Marshall Reinsdorf, U.S. Bureau of Economic Analysis  
 Prof. Jonathan Haskel, Imperial College Business School  
 Prof. Dan Sichel, Wellesley College  
 Mr. Nicholas Oulton, London School of Economics

### **Visitors hosted by the Law and Economics Initiative Group of CAER in 2013**

Prof. Sujit Choudry, NYU  
 Prof. Bradley Condon, University of Victoria  
 Prof. Christine Jolls, Yale  
 Dr. Nick Stephenopolous, University of Chicago

### **Visitors hosted by the Real Estate Initiative Group of CAER in 2013**

Prof. Lynne Sagalyn, Columbia Business School

## 8.3 Academic, industry and government engagements

- During 2013 Professor Kevin Fox was a member of the Australian Bureau of Statistics Methodology Advisory Committee, a member of the Australian Bureau of Statistics Productivity Measurement Reference Group and a member of the International advisory board of the International Productivity Monitor.
- During 2013 Professor Kevin Fox was a member and subgroup leader of “The role of science, research and technology in lifting Australia's productivity,” Australian Council of Learned

Academies (ACOLA) Expert Working Group reporting to the Prime Minister's Science Engineering and Innovation Council.

- In July 2013 Professor Kevin Fox visited the Real Estate Finance and Investment Center at the University of Texas, Austin. During the visit Professor Fox had meetings with the Center's Executive Director, Professor Jay Hartzell, and gained invaluable insight into the teaching and research programs of this leading real estate group as well as their engagement with industry.
- Aside from their own merits, CAER's teaching engagements with the Faculty of Built Environment in regard to the real estate major have also led to discussions on potential joint research.
- During 2013 members of the Real Estate Initiative group of CAER have been participating in research meetings and discussions with industry representatives from CorVal, Property Council of Australia, IPD, Recruit (Japan) and UBS. These discussions have led to collaboration on various research projects and data provision. In particular, the Executive Director of IPD Australia & New Zealand and UNSW alumnus, Dr. Anthony de Francesco, has generously agreed to support the group's research activities by facilitating access to large data sets at reasonable prices.
- As a complement to the new real estate major, the Real Estate Initiative group is working with firms in the industry to develop internships which will be available to students who undertake the real estate major. A number of firms have already committed to offering internships in 2015.
- The Real Estate Initiative group submitted in 2013 a research proposal to be funded within the Australian Research Council Linkage Grant Scheme 2014. The research proposal is a collaboration between the Real Estate Initiative group and CorVal Partners Limited, a firm specialising in property fund management and investment. The research proposal builds on CorVal's research capacity on property markets, including their data availability and industry expertise.

#### 8.4 Media engagement

The following is a list of media engagement undertaken by CAER members in order to raise the profile of CAER and UNSW in the broader community:

- **Richard Holden**, "Abbot's Non-Delivery of Substance," Politifact.com.au, 17/7/13
- **Richard Holden**, "Did Labor Save the Economy?" Politifact.com.au, 27/8/13
- **Richard Holden**, "Nobel Prize Shows Both Wisdom and Madness of Crowds," Bloomberg, 14/10/13 (reprinted in AFR)
- **Richard Holden**, "Great Treasurers," ABC's The Drum, 20/11/13
- **Richard Holden**, "QANTAS needs our help, but not a crutch," The Australian 16/12/13
- **Rosalind Dixon**, "First person - Referendum realpolitik," Uniken 28/06/13

- **Rosalind Dixon**, “Referendums need a big idea to stay relevant,” Canberra times 17/05/13
  
- **Nigel Stapledon** was extensively interviewed on various real estate related issues during 2013. These included:
  - Television interviews at BBC World (1 interview), China Television (1 interview), Channel 7 (1 interview), ABC24 (3 interviews), ABC1 Lateline (2 interviews) and Switzer Report on Fox Television (1 interview);
  - Radio interviews at ABC radio Sydney (3 interviews) and ABC radio Perth (2 interviews);
  - Newspaper interview/views quoted at the Sydney Morning Herald (3 interviews), the Age (3 interviews) and the Australian Financial Review (1 interview).

## 9. Details of research supervision and teaching activities carried out by CAER members on behalf of academic units

### 9.1 Research Supervision

Postgraduate research supervision activities within CAER are coordinated with the relevant Schools/Faculties (mainly the School of Economics and ASB), in accordance with the relevant UNSW policies, procedures and delegations. The following is a list of research supervision carried out by CAER members in 2013 as part of their research group activities. CAER members are marked in bold.

#### PhD Supervision

Supervisor: **Denise Doiron**

Hong Il Yoo: *Four essays on modelling and estimating consumer heterogeneity in probabilistic choice and household demand systems*

Submitted and conferred: 2013

Supervisors: **Kevin Fox** and Arghya Ghosh (School of Economics, UNSW)

Changtao (William) Wang: *The Economics of Innovation and Intellectual Property Rights*

Submitted: 2013, conferred: 2014

Supervisors: Arghya Ghosh (School of Economics, UNSW) and **Kevin Fox**

Frederique Goy: *On the importance of market size and knowledge tradeability for Intellectual Property Rights policy*

Submitted: 2013, conferred: 2014

Supervisors: **Denzil Fiebig** and Shiko Maruyama (School of Economics, UNSW)

Chunzhou Mu: *On the Location Decision and Labour Supply of Australian General Practitioners*

Submitted: 2013

Supervisors: **Isabella Dobrescu**, **Denise Doiron** and Rachida Ouyse (School of Economics, UNSW)

Gaoyun (Sophie) Yan: *Three Essays on Health and Education: Evaluating Current Policies in China*

In progress

Supervisor: **Kevin Fox**

Hongjia Zhu: *Infrastructure, Land Prices and the Environment in Developing Economies*

In progress

Supervisor: **Glenn Otto**

Xiangling Liu: *Housing Supply and Prices in NSW*

In progress

Supervisor: **Kevin Fox**

Zoran Peroski: *A Retrospective Bertrand Model of The Competitive Impacts and Social Welfare of Regulated Mobile Interconnection Rates for Australia*

In progress

Supervisor: **Rosalind Dixon**

Bhatara Ibnu Reza: *Thesis title to be determined*

In progress

Supervisor: **Rosalind Dixon**

Doron Goldbarsht: *Thesis title to be determined*

In progress

### **Honours Supervision**

Supervisor: **Richard Holden**

Matthew Martineer: *Do Australian Fund Managers Create Value?*

School of Economics, UNSW

Supervisor: **Mariano Kulish**

Peter Rickards: *Macro-Prudential Regulation, Interest Rate Spreads & Monetary Policy*

School of Economics, UNSW

Supervisor: **Nigel Stapledon**

Jehanesan Konesan: *The impacts of flooding disasters on property prices in Brisbane city, a spatial hedonic model analysis*

School of Economics, UNSW

## 9.2 Teaching Activities

### **Real Estate Initiative Group**

CAER's proposal for the new real estate major was formally put before the ASB Committee in the first half of 2013 and received final UNSW approval in August 2013. The new major is now part of the teaching programme commencing in 2014 and the ASB will be offering the new real estate major as one of the majors in its flagship undergraduate Commerce program. It is a cross disciplinary major, with ASB Schools of Economics, Banking & Finance, Taxation & Business Law and the Faculty of Built Environment all teaching courses in the major. The major is modelled on programs offered by leading US business schools and is designed for students who would like to work in real estate investment management or research, in public policy, or more generally in the financial or corporate sectors. Dr. Nigel Stapledon (Andrew Roberts Fellow and Director of Real Estate Research and Teaching in CAER) is going to deliver one of the new courses offered as part of the new major in the second semester 2014. The delivery of the new course is coordinated with the School of Economics and the ASB in accordance with the relevant UNSW policies and procedures.

As a complement to the major, the Real Estate Initiative group is working with firms in the industry to develop internships which will be available to students who undertake the real estate major. A number of firms have already committed to offering internships in 2015. Information will be sent to all students who enrol in the real estate major in 2014.

The major is the first of what will be a suite of new programs. The Real Estate Initiative group is working with the ASB and the Faculty of Built Environment to develop other undergraduate and postgraduate education programs in real estate.

## 10. Details of significant managerial or personnel changes during 2013

With the retirement of Associate Professor Michael Johnson (School of Social Sciences, UNSW) and the completion of Professor Alec Cameron's appointment as Dean of the ASB, the Director communicated with Professor Roger Simnett, ASB Associate Dean Research, regarding CAER matters until the establishment of a new steering committee. While Professor Simnett was on leave from August, the Director communicated with the Acting Associate Dean Research, Professor Michael Walpole. The new Steering Committee is expected to be in place in early 2014, once the Director returns from sabbatical leave and the new ASB Associate Dean Research is announced.

## 11. A record of dates and attendance at meetings of CAER's Steering Committee

Given leave and sabbatical absences of the Director of CAER, and the new appointment of the ASB Dean, the Steering Committee did not hold any formal meetings in 2013. Instead, the Director had informal discussions and communications with the Deputy Director, the ASB Associate Dean Research and the ASB new Dean in regard to CAER's operations.

The Director of CAER has already commenced steps towards improving the formal governance arrangements in 2014. In particular, the director, in coordination with the ASB Dean and with the approval of the Deputy Vice-Chancellor (Research), is expected to establish a new steering committee within the first half of 2014.

The Director is committed to ensure that the newly formed steering committee will conform to UNSW Centres Procedure, particularly in terms of having regular meetings and keeping adequate records/minutes of them.

It is expected that the revitalisation of CAER's management will result in an enhancement of CAER's operations and in strengthening its position as a research Centre.